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COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

AT RICHMOND, JULY 16, 1998

COMMONWEALTH OF VIRGINIA

At the relation of the

STATE CORPORATION COMMISSION

CASE NO. PUE980138

Ex Parte: In the matter of requiring reports and actions related to independent system operators, regional power exchanges and retail access pilot programs

ORDER ON MOTIONS

By Order issued on March 20, 1998, the Commission established an investigation into various activities related to the restructuring of the electric utility industry. The Commission required certain parties to provide it with information concerning their previous and current activities, and future plans and activities, regarding the development of independent system operators ("ISOs") and regional power exchanges ("RPXs"). As part of that proceeding, the Commission directed Virginia Electric and Power Company ("Virginia Power") and Appalachian Power Company ("AEP-Virginia") each to develop and implement at least one retail access pilot program and study in their respective service territories.

On July 9, 1998, AEP-Virginia filed a motion for extension of time to file its retail pilot program as directed by the March 20, 1998 Order. AEP-Virginia states that it created a pilot team on April 6, 1998, which has been working on developing such a program, and that the work of the pilot team has revealed many different perspectives on the complex issues involved in developing a pilot program. It further states that the analysis of these perspectives and the

overall complexity of evaluating the issues and preparing to file its proposal require additional time. Thus, AEP-Virginia requests that the time for filing a pilot program be extended from August 1, 1998, to October 2, 1998.

On July 13, 1998, Virginia Power also filed a motion requesting an extension of time to file its retail access pilot program. Virginia Power states that it has established five internal work groups to identify the issues relating to the implementation of a pilot program and, while the work groups have made significant progress, much remains to be done before the details can be submitted to the Commission for review. Virginia Power also states that it believes that it must develop a complete and well planned pilot proposal upon which interested stakeholders may provide meaningful feedback, if the workshops with the stakeholders are to be successful, and that the proper design and preparation for the workshops will require adequate time. Further, Virginia Power will require additional time to review and assess the stakeholders' feedback and integrate it into the pilot design. Therefore, Virginia Power requests an extension of time, until November 1, 1998, to file its retail access pilot. Virginia Power states that it is authorized to represent that Commission Staff does not oppose the requested extension.

NOW THE COMMISSION, having considered the motions of AEP-Virginia and Virginia Power, is of the opinion and finds that the companies' requests for an extension of time to file their pilot programs are reasonable and should be granted. The Commission is fully cognizant of how critical it is that any pilot that is implemented is well designed and properly implemented in light of the significant impact that such programs may well have on the ultimate outcome of any electric utility restructuring that occurs in this Commonwealth. The requests of AEP-Virginia and Virginia Power for additional time to develop their pilots have confirmed our belief that hard work and significant effort that will be required to create properly structured pilot programs.

Accordingly, IT IS ORDERED THAT the time for filing of retail access pilot programs as directed in our March 20, 1998 Order is extended from August 1, 1998, to November 1, 1998.